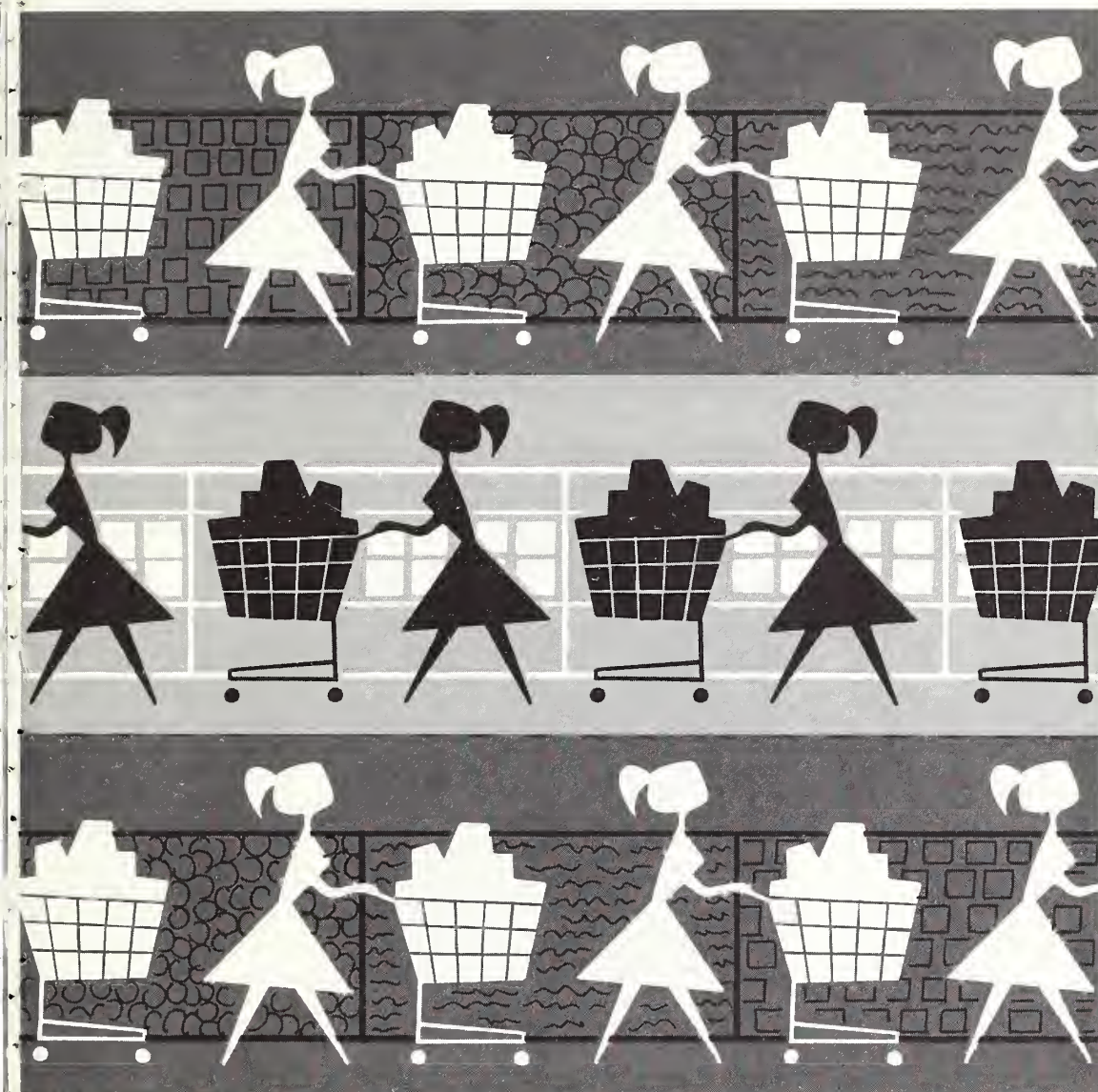


Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

FOREIGN AGRICULTURE

March 2, 1970



U. S. DEPT. OF AGRICULTURE
NATIONAL AGRICULTURAL LIBRARY

MAR 11 1970

CURRENT SERIAL RECORDS

Supermarket Boom in Japan

1969 U.S. Agricultural Exports

Varying the Indian Diet

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

VOL. VIII • No. 9 • March 2, 1970

In this issue:

- 2 Supermarket Explosion Transforms Retail Food Marketing in Japan By Leon G. Mears
- 5 Cold Flare on the Japanese Food Market
By Leon G. Mears
- 6 The Prospects of the Canadian Apple Industry
- 7 U.S. Farm Exports Total \$5.9 Billion in 1969
By Joseph R. Corley
- 9 Sales Prospects for U.S. Farm Goods in Norway
By Harlan J. Dirks
- 10 Latin America: Agricultural Production Indices for 1969
By Howard L. Hall
- 11 Australian Apple and Pear Production and Exports
Australians Explore Technique for Control of Animal Fat
- 12 More Varied Diet for India's City Dwellers
By John B. Parker, Jr.
- 13 Crops and Markets Shorts

This week's cover:

Rapid economic growth, importation of modern marketing technology, and tightening labor shortages have triggered a supermarket boom in Japan. Implications for Japanese shoppers and U.S. agricultural exports are explored in article beginning this page.

Clifford M. Hardin, Secretary of Agriculture
Clarence D. Palmby, Assistant Secretary for International Affairs and Commodity Programs
Raymond A. Ioanes, Administrator, Foreign Agricultural Service

Editorial Staff:

Editor: Alice Fray Nelson; Associate Editor: Janet F. Beal; Assistant Editors: Faith N. Payne, Ann L. Barr, Margaret A. Weekes.

Advisory Board:

W. A. Minor, Chairman; Horace J. Davis, Anthony R. DeFelice, James A. Hutchins, Jr., Kenneth K. Krogh, Robert O. Link, Kenneth W. Olson, Donald M. Rubel, Dorothy R. Rush, Raymond E. Vickery, Quentin M. West.

Use of funds for printing *Foreign Agriculture* has been approved by the Director of the Bureau of the Budget (May 1, 1969). Yearly subscription rate, \$10.00 domestic, \$13.00 foreign; single copies 20 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.



Supermarket scenes in Japan. Above, a checkout counter at a new store. Left, tasting a food novelty. Below, shoppers enjoy examining food selection.



Supermarket Explosion Transforms Retail Food Marketing in Japan

By LEON G. MEARS

Assistant U.S. Agricultural Attaché

Tokyo

Japan's food retail system is revolutionizing itself. Construction crews work round the clock to build new supermarkets in record time. Established supermarket chains, new chains, and department stores vie with each other to put up stores in fresh territory to expand their markets. Japan's mammoth trading companies are entering the picture as suppliers of supermarkets and as their financial partners.

As an example of these activities, on November 11, 1969, Japan's first modern shopping center (sponsored by a famous department store) opened for business in a Tokyo suburb and included a foodstuffs department of huge proportions by Japanese standards. Canned, bottled, dried, processed, frozen, and fresh foods, both locally produced and imported, were offered to suburban families. Shoppers could put their cars in a 1,000-car parking lot and, when they tired of shopping, could relax at amusements as varied as a minizoo, a bowling alley, and a go-go club.

The new shopping center food department is far removed in both physical facilities and spirit from the traditional retail food stores in Japan. Traditional stores are usually family managed and run without outside help, specialize in one type of product (such as fish, vegetables, or rice), emphasize personal services, and almost always have family living quarters above or in the rear of the same building.

At present traditional food retail stores control just a little more than three-fourths of all food retail sales in Japan. But their position is slipping. In 1963 they had 86 percent of the food market. Present forecasts are that by 1975 they will control only 58 percent.

Changing scenes

The revolution in food retailing is being powered by a number of factors in Japan. On the customers' part rising per capita incomes encourage experimentation with western diet and variation from the traditional rice-fish meals. The increase in numbers of cars has increased people's shopping ranges. It is no longer necessary to buy only what one can conveniently carry a few blocks or to patronize the shop in the next street. And the proliferation of refrigerators in households means that the housewife no longer has to go shopping every day but can buy several days' stock in one trip.

On the merchants' side growing labor shortages make it hard to maintain the type of personal service customers of traditional stores expect. Also, customers' food costs are increased because of the labor costs of the army of people needed to make frequent small-volume deliveries to large numbers of shops.

Large-operation merchants and businessmen want to participate in what they can see is a growing market for quality

and prestige foods. Also, they fear foreign capital investment and competition in food processing and marketing and feel the best deterrent is generous investment of their own.

The pioneers of volume retail food merchandising in Japan were the large department stores, which began and still have sections where a great variety of Japanese and western foods are attractively displayed in modern surroundings. The selection of imported foods is impressive.

Food self-service retailing in Japan was born in 1953 with the establishment of Kinokuniya, a Tokyo supermarket. The idea caught on slowly at first and in the next 3 years only six more self-service stores opened. (Japanese supermarkets, for the purpose of this article, are defined as similar to U.S. supermarkets. They are self-service; foodstuffs constitute 50 percent or more of their sales; and they have each a total annual sales volume of US\$300,000 or more. They tend to be smaller than U.S. supermarkets, however, and the average store area is only about 3,100 square feet.)

Then in the early 1960's the same forces that reshaped food marketing systems in the United States and several European countries hit Japan hard and triggered a supermarket boom. Chief among the forces were rapid economic growth, importation of modern marketing technology, and tightening labor shortages.

Supermarket chains are the heart of Japan's food-marketing revolution, and their growth since 1964 has far surpassed even the most optimistic projections made 5 years ago. The chain currently in lead position in sales was founded in 1957. By 1968 its annual sales totaled \$208 million, and it was the third-ranking retail store in Japan. Estimates of 1969 sales are \$333 million, and by 1975 its customers are expected to annually purchase goods worth more than \$1,666 million in 500 to 600 retail outlets.

Other large chains are expected to do equally well, and at present 1969 sales are thought to have jumped a whopping 50 percent over those in 1968.

Some brief statistics on the top 10 supermarket chains in Japan are as follows: sales in 1968 were approximately \$1.1 billion; estimated sales for 1969 were \$1.6 billion; the number of stores in December 1968 was about 404; and the estimated number of stores in December 1969 was 476.

The family specialty shops are going to find rough going as competition from the large supermarket chains becomes more intense. But they are a long way from extinct. Some have been passed from father to son for generations, and their proprietors take pride in their traditions. Most owners or operators have no economic alternative to food retailing and will tend to hang on and hope business will get better.

Traditional buying habits of a shop's customers will also help. For many Japanese families, to purchase from a certain store is a long-standing matter of loyalty and habit because previous generations of the family were customers. This traditional shopping pattern may continue on a reduced scale for a long time.

Perhaps the individual stores with from three to 20 employees will be the fastest to fade out of the Japanese food

retail picture because they are in the most direct competition with the supermarket chains.

Some new developments

Recently, some of Japan's huge trading companies have begun moving rapidly into the supermarket business by establishing various ties with the major supermarket chains. The biggest of Japan's trading companies began the trend January 1969 by announcing that it had formed ties with two of the top 10 supermarket chains.

Since then another giant company has gone into business with three chains and is negotiating with three others. When all the contracts are formally concluded, this trading company will have supermarket coverage in every part of Japan except Hokkaido. Other large companies are aggressively seeking ties with supermarkets. The trading companies want to provide direct outlets for the many food products they handle or import.

But the supermarket chains are also seeking out the trading companies. The rapid expansions of the chains, often involving construction of new stores or complexes, have taxed both their financial resources and those of their normal credit sources. The chains have turned to the largest trading companies for funds.

The agreement between the biggest trading company and one supermarket chain stipulates that the trading company will build 25 new supermarkets that will be leased to the supermarket chain. The agreement also arranges deferred payment by the chain for store equipment and joint development of merchandise supply.

The drive toward linkage between supermarket chains and trading companies has had repercussions among primary and secondary wholesalers, who are bypassed by such connections and lose business. To cope with this crisis, large wholesalers are currently striving to strengthen their ties with both the trading companies and the supermarkets, are widening sales services, are establishing new branch offices and sales stations, and are even forming their own supermarket chains as entry to the retail market.

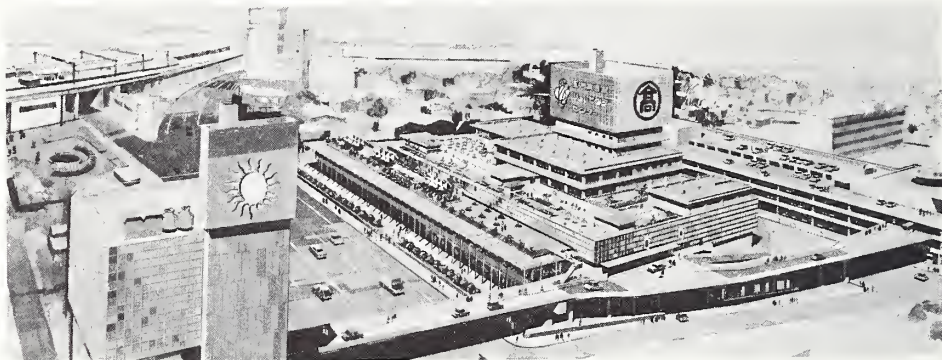
Nevertheless, probably hundreds of these middlemen will go out of business in the next few years because of amalgamation or bankruptcy.

Another recent development in food marketing has been a new device launched by some of the older and bigger department stores to increase their share of Japan's food sales—the suburban shopping center.

At present nearly all of Japan's department stores have food sections; together they sell about 10 percent of Japan's retail food and virtually all of the imported processed foods. But their share of total food sales has been almost unchanged in recent years (it rose less than 1 percent between 1963 and the end of 1969) while supermarket sales have raced from 4.9 percent of the market in 1963 to 13.9 percent by the end of 1969 and are now forecast to climb as high as 28 percent for 1975.

Japan's first suburban shopping center with its huge food department, mentioned at the beginning of the article, is just the first installment of the counteroffensive planned by the department stores against the supermarket chains. Other shopping centers are nearing completion in Osaka and Kobe,

Below left, a retail fish shop of the traditional type; bottom right, traditional open-front vegetable shop. Upper right, artist's drawing of the Takashimaya Tamagawa Shopping Center, Japan's first modern suburban retail marketing complex.



several more are under construction, dozens are on the drawing boards, and hundreds are being planned.

Implications for the United States

The food-marketing revolution that is gathering momentum in Japan can have a great effect on U.S. sales of agricultural products to that country. Japan is already the biggest overseas buyer of U.S. farm products; but sales of U.S. processed foods are a modest \$20 million annually, or about 2 percent of U.S. agricultural exports to Japan.

The new boom in supermarkets, and especially the growing links between supermarket chains and major trading and importing companies, should give a definite boost to sales of imported processed foods. Now there will be a readymade marketing channel from importer to shopper.

In addition to complex distribution from importer to end buyer, barriers in the past to large Japanese imports of processed foods have been a relatively low per capita income and government restrictions on imports.

The first, however, is rapidly changing because of Japan's vigorous economic growth. As incomes rise, a demand is created for more variety in foods, foods of higher quality,

and convenience foods. Certainly the majority of Japanese consumers will soon be able to buy the wide variety of high-quality processed foods available from abroad.

Government restrictions, the second barrier, are expected to be less severe in the future. Several major agricultural exporting countries held trade meetings with Japan during 1969 in an effort to gain freer access to this growing market. For example, high-level delegates from the United States met with their Japanese counterparts several times and pressed for the early removal of quantitative restrictions and other nontariff barriers on industrial and agricultural products. Liberalization of agricultural items so far has been slow, but there has been some positive movement.

Growing pressures both from within and from abroad are expected to accelerate the liberalization pace in the next 2 or 3 years.

More particularly, modern food marketing in Japan has changed the competitive situation for a host of imported items. To evaluate exactly the current and future markets for U.S. products and to develop effective export strategies and techniques, U.S. exporters are urged to make an on-the-scene study of the changes underway.

Cold Flare on the Japanese Food Market

By LEON G. MEARS

Assistant U.S. Agricultural Attaché, Tokyo

Frozen foods are becoming increasingly important in the daily lives of Japanese people. The majority of consumers get theirs "secondhand" through the medium of hotels, school cafeterias, and other institutional feeding facilities. But more and more Japanese housewives are patronizing frozen food display cases in department stores and supermarkets.

Frozen food sales in Japan have grown by leaps and bounds since the early 1960's because of several developments.

About 1961 restaurants, hospitals, factory cafeterias, steamship companies, and other institutions discovered the many advantages of frozen foods, and sales to such organizations expanded very sharply.

In the mid-1960's Japan's "cold chain" distribution system—refrigerated warehouses and transport for frozen and chilled foods—went into operation throughout the country. Even retail shops were included in the "chain" because of a government program for lending them freezer facilities. With greater ease of distribution and better maintenance of quality of frozen goods, sales increased.

For noninstitutional use of frozen foods, the rapid increase in refrigerator numbers was of great importance. In 1964 only 38 percent of Japanese families owned these appliances and therefore had facilities for keeping frozen foods even for a short time. By 1968 about 70 percent of families had refrigerators, and Japanese estimates are that the proportion will be up to 88 percent by mid-1970.

An important new development in 1969 was the placing of a new model called a "refrigerator-freezer" on the Japanese market by the major electric appliance makers. Previous refrigerators had only small freezing compartments, and the temperature inside the compartment was about 23° F. Frozen

foods deteriorate if kept at such a high temperature. The "refrigerator-freezer" has a separate, fair-sized freezing compartment where the temperature is kept at —4° F., or low enough to preserve frozen foods for some time.

Some cold history

Although production of frozen foods on a commercial basis began around 1950 in Japan, it was not until 1958 that output was large enough to be important. Some figures on recent production growth are given in the accompanying table.

At present about 110 firms produce frozen foods in Japan; but only the top five have reported sales and production figures. These five, however, provide half of all output. Their sales totaled US\$550,000 in 1958, had increased to \$31 million by 1967, and had jumped to more than \$49 million in 1968. Sales for 1969 are estimated at \$68 million.

The first items manufactured were for institutional use. For example, fish sticks for school cafeterias caught on quickly. Later, firms began marketing consumer packs, and for awhile the volume of frozen food produced for institutions was about equal to that packed for home use. Then, the boom in institutional use of frozen foods in the early 1960's eclipsed

FROZEN FOOD OUTPUT OF
FIVE MAJOR JAPANESE FIRMS

Product	Average 1960-64	1965	1966	1967	1968
	<i>Metric tons</i>	<i>Metric tons</i>	<i>Metric tons</i>	<i>Metric tons</i>	<i>Metric tons</i>
Seafood	4,487	9,893	12,482	20,115	28,787
French fries	1,668	2,835	6,394	12,955	18,307
Vegetables	1,664	3,015	4,929	6,982	11,605
Red meat, poultry	845	1,148	3,641	4,430	6,847
Prepared items	951	1,593	3,093	3,459	4,999
Others	4,551	6,984	7,422	6,188	6,563
Total	14,165	26,984	37,961	54,129	77,108



Far left, a young housewife buys frozen foods at a supermarket. Near left, the new freezer-refrigerator on Japanese market.



the importance of retail sales for several years. At present, however, the market share of consumer packs is growing quite rapidly, although the bulk of sales are still to institutions.

Openings for U.S. exports

The current frozen food boom in Japan offers considerable opportunity for the U.S. industry and one that should not be overlooked. Quantitative restrictions, food additive regulations, and high tariffs are serious obstacles for some U.S. products. For many items, however, market access problems are not too difficult.

Imports of processed frozen foods to date have been modest, but they are increasing rapidly and the future appears bright. Frozen vegetable imports—largely sweet corn, green peas, lima beans, asparagus, french fries, and mixed vegetables—totaled 3,159 metric tons valued at \$1.1 million in the period January-November 1969. The import duty on all frozen vegetables is 10 percent ad valorem.

Other imported frozen items that are selling well are bakery products, various types of pizzas, wieners and sausages, and strawberries. Imported beef and pork specialty items are also popular. Among the commodities that offer considerable

sales potential for the future are further-processed poultry items such as chicken and turkey rolls, boneless breaded chicken breasts, and individual packages of sliced turkey.

Several aggressive U.S. firms have already done quite well in sales of frozen foods.

Other firms will have an excellent opportunity to get a foot in the door this spring when the Foreign Agricultural Service, U.S. Department of Agriculture, will sponsor the U.S. Frozen Foods and Convenience Foods Show at the U.S. Trade Center in Tokyo, April 6 through 11, 1970.

Other opportunities for U.S. exporters will be the point-of-purchase promotions sponsored by the Foreign Agricultural Service in five major department stores, one supermarket, and a new shopping center during April and May 1970 in Tokyo, Yokohama, Kyoto, and Osaka. These promotions will show many Japanese, and also many foreign visitors to Japan's Expo '70, what the U.S. food industry has to offer. Next fall another series of point-of-purchase promotions are planned.

U.S. firms interested in participating in any of these activities should contact the International Trade Fairs Division, Foreign Agricultural Service, U.S. Department of Agriculture.

The Prospects of the Canadian Apple Industry

Canada's apples are in for trouble unless there are crop failures somewhere on the North American continent every year for at least the next few years, says J. R. Burns, an economist with the Canada Department of Agriculture. Without such failures a surplus would arise that would force prices to tumble. There is little likelihood that more apples could be moved onto the export market because world production is increasing faster than demand.

Canadian apple growers have been holding their export market—about 3 million bushels—by improving quality, cutting production costs, producing new apple products, and improving transportation, storage, and handling techniques.

Mr. Burns estimates that a normal crop in all areas of North America could total 180 million to 190 million bushels of apples—or a little less than a bushel for every person in Canada and the United States. During 1964-66 the average apple consumption per capita in Canada was about 40 pounds (a bushel weighs 45 pounds) and about 25 pounds in the United States.

Two countries are increasingly aggressive competitors for

Canada's biggest outlet for export apples, the United Kingdom: France and Italy, where growers have increased production under the Common Agricultural Policy of the European Community. And, as new orchards in these countries come into full production, competition will increase.

Mr. Burns advises growers to take a common approach to their problems, which include rising world production that will continue to cut into export markets, concentration of buying power in the hands of a few, the effects of intra-industry competition, apple imports, and the need to strike a balance between the amount of apples going into the fresh and processing markets in order to obtain maximum total returns.

Nevertheless, says Mr. Burns, "provided growing conditions are not exceptionally favorable in all areas at one time, that plantings are not increased beyond replacements, and that net trade remains about the same for the next few years, the natural population growth and a slight increase in per capita consumption should help the Canadian apple industry to remain a viable and stable section of the economy."

U.S. Farm Exports Total \$5.9 Billion in 1969

By JOSEPH R. CORLEY

Trade Statistics and Analysis Branch, ERS

U.S. agricultural exports totaled \$5.9 billion in calendar year 1969, a 5-percent drop from 1968, but 5 percent above the 1961-65 average of \$5.6 billion. Several factors were responsible for the 1969 decrease in exports. During the first quarter the dock strike at many Atlantic and Gulf ports contributed strongly to the 43-percent decline in agricultural exports from a year earlier. The strike halted exports of many agricultural products such as wheat, feedgrains, soybeans, and cotton which move predominantly through the Gulf ports.

The slowdown of exports during the first quarter was also attributed to sizable world stocks of grains and cotton. European feed supplies were large. Feedgrain production (barley, oats, and corn) in Western Europe totaled about 63 million metric tons in 1969, up slightly from 1968. Carryover stocks were high, and large supplies of wheat were made available for feed. The Eastern European production of over 35 million tons was slightly higher than the year before. Good 1969 cotton crops in Brazil, India, Mexico, and the United Arab Republic as well as the slight production rise of communist countries resulted in ample world supplies.

Second quarter agricultural exports rose 14 percent from the corresponding period a year earlier. The increase was the result of larger shipments of soybeans, animal products, and tobacco in 1968. Third quarter exports trailed the year-earlier pace, even though grains, fruits and vegetables, and

animal products were higher. Sharp rises in shipments of all products except cotton during the fourth quarter limited the decline for 1969.

Conditions in customer countries

Economic activity in the major industrial countries continued to expand in 1969, and demand for agricultural products remained strong. Continued growth in industrial production, wages, and widening consumer preferences expanded the demand for meat and meat products. Higher prices of many export products during the latter half of 1969 boosted the value of several agricultural commodities. The 1969 average unit export prices of animal products, feedgrains, protein meal, and tobacco were higher than in 1968. But cotton, wheat and flour, rice, and soybean prices averaged slightly lower.

Protectionism by some of the major commercial markets for U.S. agricultural products reduced demand for our farm products. The EC's high import levies on feedgrains curbed our exports to the member countries. The United Kingdom's devaluation of the pound near the end of 1968 had the effect of discouraging imports and encouraging its exports. U.S. exports of farm products to the United Kingdom declined 4 percent to \$361 million in 1969. Japan continued to develop new sources of raw agricultural products in Southeast Asia and Africa. Through bilateral agreements, the Japanese directed their efforts toward contract purchases of feedgrain, wheat, and other products. With high domestic rice support

U.S. AGRICULTURAL EXPORTS: VALUE BY COMMODITY 1968 AND 1969

Commodity	Jan.-March		Apr.-June		July-Sept.		Oct.-Dec.		Total ¹	
	1969	1968	1969	1968	1969	1968	1969	1968	1969 ²	1968
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Animals and animal products:										
Dairy products	22	24	56	45	26	38	29	38	133	145
Fats, oils, and greases	32	38	46	38	41	37	48	37	167	150
Hides and skins	29	29	44	28	39	31	40	33	152	121
Meats and meat products	34	25	47	24	37	32	49	43	167	124
Poultry products	12	13	15	14	15	15	14	16	56	58
Other	17	18	25	21	20	18	23	22	85	79
Total animals, etc.	146	147	233	170	178	171	203	189	760	677
Cotton, excluding linters	29	163	129	125	70	99	54	73	282	460
Fruits and preparations	62	59	77	66	101	81	87	71	327	277
Grains and preparations:										
Feedgrains, excluding products	111	274	199	189	278	241	278	222	866	926
Rice, milled	54	106	127	104	78	63	88	75	347	348
Wheat and flour	125	340	277	269	203	222	226	270	831	1,101
Other	19	21	23	22	16	21	21	21	79	85
Total grains, etc.	309	741	626	584	575	547	613	588	2,123	2,460
Oilseeds and products:										
Cottonseed and soybean oils	18	27	35	30	27	24	48	27	128	108
Soybeans	134	183	194	170	118	134	376	323	822	810
Protein meal	48	69	84	62	61	59	92	72	285	262
Other	10	12	24	26	18	24	29	29	81	90
Total oilseeds, etc.	210	291	337	288	224	241	545	451	1,316	1,270
Tobacco, unmanufactured	50	100	142	109	134	154	214	161	540	524
Vegetables and preparations	42	42	47	48	37	36	56	45	182	173
Other	86	93	107	93	91	97	123	106	407	388
Total exports	934	1,636	1,698	1,483	1,410	1,425	1,895	1,684	5,937	6,228

¹ Totals will not match calendar year totals, due to rounding. ² Preliminary.

prices encouraging producers to expand production, the Japanese now have a surplus of rice.

Livestock and poultry products

Animals and animal products. U.S. exports of animals and animal products reached \$760 million, 13 percent higher than in 1968. Meats and meat products, at \$167 million, were 33 percent higher than in 1968. Japan's rising consumer demand for meat and its insufficient meat production have been reflected in higher retail meat prices. To combat this situation, the Japanese Government raised its fresh and frozen pork import quotas. The United States, a traditional supplier of fresh and frozen pork to Japan, shipped 57 million pounds to Japan in 1969, more than twice the 1968 total. Sales of variety meat to the EC in 1969 to \$37 million.

Hides and skins at \$152 million, were 25 percent above the 1968 level reflecting primarily the larger exports to Japan and Europe. Whole cattle hides, which made up most of the hide and skin exports in 1969, totaled \$126 million.

Animal fats, oils, and greases rose 11 percent above 1968 to \$167 million. Both tallow and lard contributed to the increase. Lard export prices were higher, but quantity was down slightly. The United States was the major lard supplier for the United Kingdom in 1969. U.S. exports to the United Kingdom totaled nearly \$17 million, sharply higher than the 1968 total. Dairy product exports at \$133 million in 1969, however, were 8 percent lower than in 1968.

Poultry products. Poultry exports were up 1 percent over last year's total. Even with continued limited access to the EC and with subsidized competition in other markets, U.S. exports of poultry meat were down only 1 percent. Exports of poultry meat were up 15 percent to the Caribbean, 62 percent to Sweden, and 12 percent to Hong Kong. U.S. poultry meat exports to Switzerland in 1969 were valued at over \$4 million, up 75 percent from the 1968 total, reflecting the success of the limited subsidy program to this market. Before the United States decided to meet subsidized competition with a subsidy to regain its market share, U.S. exporters were losing out in the Swiss market to the subsidized poultry exports from Denmark and the EC countries.

Cotton exports decline

Cotton. The United States fared poorly in the 1969 world cotton market. Export value fell to \$282 million, the lowest since the World War II years. During recent years, U.S. cotton production slipped to lower levels—11 million bales in 1968 and 10 million in 1969, compared with a 15-million-bale average for 1960-64. Foreign Free World production rose from an average of 21 million bales for 1960-64 to about 26 million in 1968 and 1969. Expanded use of man-made fibers also contributed to the decline in exports.

During 1969, short staple cotton exports fell 49 percent to \$105 million. The decline in shipments of cotton staples over 1 inch was less marked. American-Egyptian cotton exports increased, rising 5 percent to \$4 million in 1969.

Fruits and oilseeds climb

Fruits and vegetables. Exports of fruits and preparations totaled \$327 million, 18 percent higher than in 1968. Sharply increased citrus fruit shipments accounted for most of the rise. Fresh fruit exports were up 19 percent to \$158 million. Larger shipments to West European countries, Hong Kong, and Japan accounted for much of the increase.

Among the vegetables and preparations, dried beans and peas registered the largest increase, up 20 percent to \$52 million. Shipments of canned tomatoes and corn also contributed to the increase. Fresh tomato movements were down, but were offset by higher exports of lettuce.

Oilseeds exports rise

Oilseeds and products. Larger exports of soybeans, cottonseed oil, and protein meal all contributed to the 4-percent increase in exports of oilseeds and products in 1969. Although soybean exports reached a record level of \$822 million, the value was only 1 percent higher than in 1968. Japan's imports were down slightly to 76 million bushels valued at \$200 million, 3 percent lower than in 1968. Soybean exports to the EC totaled 104 million bushels, about 5 percent above 1968. Shipments to Taiwan increased; those to Spain and Israel were somewhat lower. Cottonseed and soybean oil exports also rose in 1969, due principally to the rise in the quantity and price of cottonseed oil exports. Protein meal exports continued to improve in 1969, rising to a record \$285 million. The EC took nearly three-fourths of total protein meal exports. Total exports of flaxseed in 1969 were valued at \$24 million, compared with \$28 million in 1968.

Feedgrains and wheat decline

Grains and preparations. Exports of grains and preparations in 1969 fell to \$2.1 billion from \$2.5 billion in 1968. Shipments of all products except corn declined.

The continued large production of wheat in key importing countries was a major deterrent to improved wheat trade in 1969. Shipments to India and Pakistan were down sharply from 1968 as large wheat crops were harvested the past 2 years in these countries. In the current year, the major wheat exporting countries have stocks exceeding domestic needs. This record exportable surplus of about 4.2 billion bushels is sufficient to meet world import requirements for 2 years.

The 1969 feedgrain exports—7 percent below the 1968 value of \$926 million—were the lowest since 1964. Large world supplies reduced the overall requirements for U.S. feedgrains in the major world markets, and U.S. exports of oats, barley, and sorghum grain dropped sharply.

Rice exports in 1969 totaled \$347 million, about the same as in 1968. Shipments to South Vietnam were down considerably reflecting the broadened use of the IR-8 varieties of high-yielding rice in the Far East. Rice exports to the European Community totaled \$31 million in both 1968 and 1969.

Tobacco drops slightly

Tobacco. The value of tobacco exports was higher in 1969 than in 1968 despite the lower quantity of exports. Strong domestic and foreign demand, increased exports of stemmed tobacco leaf, and the higher quality flue-cured varieties of the new crop tobacco brought substantially higher prices. Fourth quarter tobacco export prices averaged 8 percent higher than a year earlier. Thin-leaf yellow tobacco, low in nicotine content, brought good prices in the 1969 tobacco market and boosted the overall price. Major tobacco markets abroad continued to make large purchases of tobacco, even though world supplies were up in 1969. West Germany's takings increased 21 percent to \$90 million. Purchases by the Japanese lagged behind 1968, but shipments to Australia and the United Kingdom rose.

Sales Prospects for U.S. Farm Goods in Norway

By HARLAN J. DIRKS

U.S. Agricultural Attaché, Copenhagen/Oslo

Although Norway must import 60 percent of its total food needs, the Norwegian market has been difficult for many U.S. farm products to penetrate and a rugged environment in which to expand. A combination of fierce competition from other agricultural suppliers and Norwegian agricultural protectionism has plagued U.S. export development efforts. U.S. agricultural sales slipped US\$16 million from 1966 to 1968.

Import restrictions

Norway has import embargoes on virtually all agricultural products produced within the country. Sales of most U.S. meat and poultry products and all dairy products, except cheese, are prohibited. Other goods are permitted entry on a controlled basis depending on domestic supplies. Import calendars are an example of devices used to restrict entry of horticultural items. In addition, a host of nontariff barriers is used to control imports of all food products that are also processed within the country.

Norway's accession into the Common Market—as now proposed—would pose still another threat to U.S. sales to the Norwegian market.

U.S. trade with Norway

But in spite of restrictions, the United States still finds Norway an excellent market in terms of the overall agricultural balance of trade between the two countries. U.S. agricultural exports to Norway were \$53.6 million in 1966, \$46.3 million in 1967, and \$37.9 million in 1968. Norway's agricultural exports to the United States have averaged only about \$2.5 million annually during the last 5 years and in 1968 reached a high for the 1960's of \$2.7 million.

The principal U.S. export to Norway is soybeans, sales of which totaled \$13.1 million in 1968. Norway has also been a fairly steady market for feedgrains—primarily corn—worth \$6 million to \$10 million annually.

Other important U.S. exports to Norway during 1968 included: unmanufactured tobacco, \$7.3 million; fruits and preparations, \$3.9 million; wheat and flour, \$2.8 million; and cotton, nuts, vegetables, animal fats and oils, meats, and hides and skins.

U.S. sales of soybeans and feedgrains are closely related to Norway's livestock industry. Market promotion activities have stressed educational programs about animal feeding; however, more work needs to be done—especially in encouraging broiler production. The biggest obstacle to an expanded broiler industry is the strong opposition among Norwegian farm groups to any form of "factory farming."

Norway imports almost all its requirements for breadgrains—both wheat and rye. Smaller quantities of barley and oats for human consumption are also imported when the Norwegian domestic crop is of poor quality. One-third of the Norwegian grist is made up of soft wheats, which the Norwegian Grain Corporation finds readily available on the European market. Sweden and Denmark are usually the preferred suppliers of soft wheat because of their proximity and the ease of making deliveries in smaller shipments.

U.S. sales of wheat to Norway dropped nearly \$8 million between 1966 and 1968 due to changes in Norwegian procurement patterns.

Currently, there is an import quota of \$56,000 on all milled rice. Precooked rice has no quota but is subject to a 30-percent ad valorem duty. Another obstacle to rice sales in Norway is that rice is still considered by most people a desert dish rather than a vegetable substitute.

Outlook for 1970

The immediate prospects for U.S. exports to Norway of various types of agricultural goods are summarized briefly in the following paragraphs.

Soybean sales are expected to show some improvement this year, but no significant change can be expected until livestock production is expanded. The near-term prospects for improved sales are only moderately encouraging.

Feedgrain demand continues to be steady to strong. However, the relatively small Norwegian barley crop in 1969 was replaced by subsidized European grains instead of U.S. grain sorghums. Corn imports from the United States are expected to continue at traditional levels.

Breadgrain import requirements for Norway are expected to continue at their present levels. However, demand for U.S. wheat remains erratic because of the emphasis on covering soft wheat requirements from European sources. Good quality U.S. wheat will always have a market in Norway as long as it is priced competitively. Because of the current attractive wheat prices in the United States, hard red wheat sales to Norway should be good in the immediate future.

Cotton import requirements in Norway are being reduced because imports of finished textiles are increasing and more use is being made of manmade fibers. The U.S. share of total cotton sales to Norway is also going down—partly because of quality considerations but mostly because of strong price competition, particularly from Mexico and Peru.

Tobacco requirements are being reduced because of larger purchases of manufactured tobacco products from EFTA partners. The U.S. share of the raw tobacco market should remain about stable in the future.

Rice sales prospects are good for the United States, which could capture a larger share of the retail market for high-priced packaged rice. Major emphasis should be given to reducing import restrictions.

Fruit and vegetable prospects are uneven. The volume of apple and pear imports from the United States depends primarily upon the opening dates of import seasons. The pear import season opened January 5, 1970—earlier than in many years. Sales of domestic apples have been slow this season, however, and this situation is expected to delay the opening of the apple import season to about mid-March. U.S. apples will find a ready pre-Easter market provided the season opens in time. The Norwegian market remains good for U.S. lemons; but no change is anticipated in Norway's limited demand for U.S. grapefruit. Juice consumption remains low. The U.S. share of the prune and raisin market is largely decided on a price basis. U.S. canned fruit sales to Norway continue to meet fierce competition, particularly from Australia and South Africa.

Agricultural Production Indices for 1969

By HOWARD L. HALL
Foreign Regional Analysis Division
Economic Research Service

Latin America's agricultural and food production in 1969 increased moderately from 1968, but output per person declined for the second consecutive year. The preliminary index of total agricultural production for the 22 Latin American countries (excluding Barbados and Cuba) increased 1.5 percent to a record 135 (1957-59 = 100). The food production index rose 1.4 percent to an alltime high of 145 but failed to keep pace with population which is growing at a yearly rate of nearly 2.5 percent.

Mexico's index of agricultural output dropped for the first time in more than a decade as producers cut back cotton plantings and a midsummer drought reduced yields of non-irrigated crops. Sharp reductions estimated for cotton and corn were only partially offset by a recovery in wheat and an increase in other grains, oilseeds, fruits and vegetables, and meat.

Central America's 1969 production index of 152 was near the reduced 1968 level. Cotton production was reduced sharply in Guatemala and Nicaragua. Strong winds and flooding from the September Hurricane Francelia damaged bananas and some other food crops, particularly in Honduras. Increased moisture, however, benefited pastures and later

harvested food crops including corn. In addition, the region's coffee and sugar production was up sharply from 1968.

LATIN AMERICAN PRODUCTION OF SELECTED COMMODITIES¹

Commodity	Average 1960-64	1967	1968	1969
	<i>1,000 metric tons</i>	<i>1,000 metric tons</i>	<i>1,000 metric tons</i>	<i>1,000 metric tons</i>
Wheat	10,985	11,458	10,494	11,266
Rice, paddy	8,151	10,136	10,125	10,639
Corn	24,493	34,389	32,817	30,003
Millet and sorghums	1,846	2,943	3,772	4,649
Beans, dry	2,966	4,105	4,005	4,125
Potatoes	7,168	8,057	8,688	8,930
Sweetpotatoes and yams	2,332	3,361	3,149	3,310
Bananas	13,139	16,773	17,525	17,529
Cottonseed	2,772	2,718	2,980	3,210
Peanuts	1,021	1,229	1,149	1,077
Soybeans	340	935	1,025	1,360
Other edible oilseeds	1,051	1,686	1,376	1,467
Coffee	2,712	2,672	2,213	2,471
Cotton	1,496	1,407	1,670	1,699
Sugar, centrifugal	10,179	12,197	12,311	12,459
Tobacco	351	372	384	425
Beef and veal	5,491	5,956	6,132	6,338

¹Quantities are totals of those included in indices of agricultural production for the 22 Latin American countries (excluding Barbados and Cuba) and are estimated to represent 90 percent or more of total production for commodities shown.

AGRICULTURAL PRODUCTION INDEX NUMBERS FOR SELECTED COUNTRIES, CALENDAR YEARS 1965-69 (1957-59=100)

Region and country	Total agricultural production					Agricultural production per person				
	1965	1966	1967	1968	1969 ¹	1965	1966	1967	1968	1969 ¹
Mexico	145	145	146	152	148	114	111	108	108	102
Caribbean	103	104	103	99	106	86	84	81	76	79
Dominican Republic	95	99	103	97	110	75	75	76	69	76
Haiti	91	85	85	80	83	78	71	69	63	64
Jamaica	125	125	115	108	104	109	106	96	88	84
Trinidad and Tobago	111	104	105	117	121	90	82	82	90	91
Central America	143	144	153	151	152	114	111	114	109	107
Costa Rica	116	133	142	148	153	90	99	103	104	104
El Salvador	124	129	142	132	146	99	100	106	96	102
Guatemala	162	147	160	158	157	129	114	120	115	111
Honduras	137	139	143	145	135	109	107	104	104	94
Nicaragua	182	190	190	184	169	147	149	145	136	121
Panama	133	133	142	147	154	107	104	107	107	109
South America	128	123	130	129	133	106	99	102	98	98
Argentina	104	111	119	111	118	92	97	102	94	98
Bolivia	111	113	109	113	113	95	94	89	90	88
Brazil	141	126	135	135	140	115	100	104	101	101
Chile	112	113	115	119	112	95	94	94	96	88
Colombia	118	118	124	128	130	95	92	93	93	92
Ecuador	134	139	150	141	147	107	107	112	102	102
Guyana	130	124	123	126	133	107	100	95	94	97
Paraguay	115	112	123	118	125	95	89	95	88	91
Peru	127	127	123	117	118	103	100	94	87	85
Uruguay	120	110	97	111	108	109	99	86	97	93
Venezuela	147	153	162	173	178	115	116	118	122	121
22 Latin American countries	131	126	133	133	135	107	101	103	100	99

¹ Preliminary, based on information available before December 1, 1969.

Near-normal growing conditions encouraged a strong recovery for Caribbean agriculture and the production index rose 7 percent to 106. Continuing dry weather lowered Jamaica's sugar output. However, a sharp recovery in sugar and larger harvests of rice and other food crops raised the Dominican Republic's agricultural output to a record level; Haiti's production also benefited from improved growing conditions.

In 1969, Argentina's agriculture recovered from the severe drought conditions of 1968 and the index of production moved up 6 percent to 118. Expanded area contributed to record 1969 harvests of rice and sorghum grains. Corn and wheat production exceeded 1968 production despite some adverse weather. Production of sunflowerseed, peanuts, and deciduous fruit declined, but there were significant gains in other crops including cotton, sugar, potatoes, and citrus fruit.

Brazil's 1969 index of production exceeded the 1968 level by about 4 percent. Lower domestic prices led to a cutback in corn plantings and the 1969 harvest was 10 percent below 1968. However, coffee production recovered from 1968; also the rice harvest was larger. Brazil continued expansion of cot-

ton, wheat, and soybeans; production of these commodities was well above previous records.

In Chile, agricultural and food output was significantly reduced by the severe drought which continued from mid-1968 through April 1969. Near-normal growing conditions led to a significant recovery of agriculture from 1968 drought in Ecuador and Peru, although low supplies of irrigation water contributed to a lower 1969 sugar output in Peru. Agricultural production of most other South American countries continued an uptrend, although Uruguay's output dropped because of a decline in wheat and beef production.

In 1970, Latin American coffee production will be reduced by the severe July frosts which damaged coffee trees in southern Brazil. However, the current outlook is for significant increase in production of feedgrains, cotton, sunflowerseed, and soybeans. Production and export availabilities of bananas, sugar, and rice should continue to rise, but wheat supplies will continue below-normal levels. The recovery of agriculture and food production from the 1968-69 drought in the Caribbean, Chile, Ecuador, and Peru suggests a possible decline in the region's food imports during 1970.

Australian Apple and Pear Production and Exports

The 1969-1970 Australian apple crop is expected to reach 20 million bushels, slightly less than the 1968-69 crop of 20.7 million bushels.

The pear crop is expected to be a record, with large crops forecast for all major producing areas. A crop of 7.8 million bushels seems likely, but this may be somewhat conservative. Production in 1968-69 was 5.1 million bushels.

During the 1969 shipping season Australian exports of apples and pears reached a relatively high level. Apple exports totaled approximately 8.4 million bushels, compared with 6.9 million in 1968. The United Kingdom accounted for most of the increase, taking 4.3 million bushels. Other Western European destinations accounted for 2.6 million bushels, about the same as in 1968. And 1.5 million bushels went to Asian and Pacific countries and North America.

Exports of pears totaled 1.1 million bushels (compared with 1.7 million in 1968), of which 410,000 went to the United Kingdom and 223,000 to other European countries.

In 1969 the United States was a major buyer of Australian pears, importing 226,000 bushels.

The 1969 marketing situation in Western Europe and the United Kingdom was reasonably good, although during the later part of the season prices deteriorated as a result of heavy local supplies. Most sales of Australian fruit were made on a free-consignment or guaranteed-advance basis, because few importers would commit themselves to forward sales. A reduction of about 22 cents in freight rates and the devaluation compensation of 40 cents a bushel for apples and 50 cents for pears made exports marginally profitable.

As a result of the heavy supply of domestic deciduous fruit on the European markets, the outlook for the 1970 shipping season is not promising. There will be a further decline in forward buying. Ultimately the development of new markets is of major importance.

Based on dispatch from the
Office of U.S. Agricultural Attaché, Canberra

Australians Explore Technique for Control of Animal Fat

The Australian Commonwealth Scientific and Industrial Research Organization (CSIRO) announced recently that scientists working on feed supplements have developed a process which controls "soft" (polyunsaturated) fats in animal tissues and products. In the new technique, a special feed supplement consisting of polyunsaturated vegetable oils enclosed in a casein capsule is given to the animal. The formalin-treated protein skin protects the vegetable oil from the bacterial action in the rumen—which normally would change soft fats to hard fats—so that the vegetable oil is able to be absorbed into the animal's system as polyunsaturated or soft fat.

Experiments with dairy cows have shown that the supplement resulted in higher milk yields, higher butterfat content in milk, and longer lactations. Nevertheless, the CSIRO scientists stressed that the technique is still on laboratory scale and

further extensive trials will have to be carried out before the technique can be commercially attractive.

The scientists believe that eventually the discovery could permit producers to offer consumers a larger range of edible animal products than is now available. For example, the control of the composition of milk fats which would be possible could provide a range of butters with different melting points and spreadability—hard butters for the baking industry, hot climates, and for special situations such as the food requirements of the armed services; soft butter for the housewife.

Other applications being investigated are the incorporation into animals of desirable fat-soluble substances such as antioxidants and vitamins which would enhance the keeping qualities and nutritive value of animal tissues and products.

Based on dispatch from the
Office of U.S. Agricultural Attaché, Canberra

More Varied Diet for India's City Dwellers

By JOHN B. PARKER, JR.
Foreign Regional Analysis Division
Economic Research Service

Urban Indians—particularly those with rising incomes—are rapidly adding nontraditional foods to their daily fare. More and more, they are rounding out their basic cereals and pulses with potatoes, fresh vegetables, and bananas. And they are consuming more of such packaged foods as crackers, breakfast cereals, and soft drink concentrates.

Over 100 million persons live in India's cities. It is estimated that for over half of these people the increasing availability and relatively low prices of certain nontraditional foods are factors contributing to a changing diet. While foodgrains account for over 70 percent of the food supply in India, this percentage is declining.

Most striking changes are occurring in the diets of about 6 million persons—some 1¼ million families—who live in the wealthier neighborhoods of the largest cities. These people are increasing their consumption of ice cream, chicken meat, eggs, processed foods, and bakery products.

In general, apparently, the larger the city the greater the changes taking place in diets—except for the new industrial cities where per capita income is relatively high; diets are changing in these cities regardless of size.

Some of the evidences of change are briefed below.

Sandwiches, french-fried potatoes, and omelets are becoming popular noonday meal items for millions of young Indians who work in factories and offices. About 30 million persons, who do not have refrigeration facilities to keep meat at home, buy chicken or mutton sandwiches every day.

Restaurants are expanding sandwich sales so fast that bakeries must work at full capacity; sales of sandwich bread are increasing from 25 to 33 percent a year. Retail price for a 14-ounce loaf of sandwich bread is about 10 U.S. cents, slightly less for brown protein-enriched bread.

In Bombay, industrial workers usually earn over \$1.00 a day, triple the average earnings on farms or in service trades in villages. Since rents and transportation costs are low, most income difference goes for food; about 65 percent of the average family's income is spent for that. The higher the income the more noticeable the new foods used.

Bacon served with eggs is becoming more common as a breakfast item for about 5 percent of the urban population. Canned bacon, sausage, and shish kebab are now sold by modern supermarkets in larger cities. The establishment of new pig farms near larger cities is included in the country's current 5-year plan. Recent gains in the production of corn have encouraged more farmers to grow pigs.

About 1 percent of the people in India, most of them living in cities, account for most of the sales of chocolate candy, ice cream, bakery products, fruit juices, and canned vegetables; 8 to 10 percent—mostly city dwellers—consume potato chips, crackers, french-fried potatoes, popcorn, and soft drinks. Sales of these items are rising rapidly in small cities located in prosperous farm areas like the Punjab.

Twenty-five to 30 percent of the urban population purchase wheat flour prepared by large flour mills, fruit jams, and bottled cordials (soft-drink concentrates).

Bananas and pulse preparations are important sources of food for babies in urban areas. The consumption of milk has not increased greatly on a per capita basis with increasing urbanization, but the quality of milk distributed in cities is improving. Powdered milk imported from the United States, Europe, or Oceania is often used to blend with limited supplies of milk obtained from local dairies.

Restaurants, hotels, and military establishments account for a large part of the sale of processed foods. The increase in demand for carbonated bottled soft drinks, however, has been due to growing sales by many small stands.

In Delhi and some cities in Haryana and the Punjab, sales of ice cream have doubled in each of the past 3 years. An ice cream cone usually costs about 13 cents.

Sales of preserved foods made from cereals are increasing rapidly. Corn flakes and wheat breakfast cereals are now used by many urban families in higher income levels.

About 10,000 tons of canned vegetables and some 5,000 of canned fruits are sold annually in cities. Prices for canned foods are still relatively high because of low volume and high can cost. Tomato sauces, canned peas, and soup ingredients account for most of the canned vegetables.

Although year-round availability of fresh produce at relatively low prices limits the opportunity for expanding sales of canned foods, the recent boom in baby food and mango juice sales indicates a bright future for special items.

New large-scale broiler enterprises are now thriving near large cities. Demand for both chicken meat and eggs is far greater than supply; but technical difficulties, including inadequate refrigeration facilities, limit the expansion in distribution of frozen or chilled poultry. Restaurants, which cook poultry soon after the birds are killed, provide chicken for more people than home cooking.

The output of the bakeries in the State of Kerala and the cities of Bangalore and Hyderabad—all in the south—has increased faster than the output of bakeries in northern India. In the north, chapaties—pancake-shaped unleavened bread baked on a griddle—still predominate. Two chapaties cost about 3 cents; a mix of pulses cooked and mashed or some vegetables to place between two chapaties can be purchased for about a penny more. Also gaining favor for the same use are slices of boiled eggs, fried mutton specialties, and cheese. In the winter some factory and office employees buy sliced radishes, tomatoes, or turnips to put in their chapaties.

Major hindrances to meat consumption in the cities—also elsewhere in India—are high meat prices and the inadequate supplies of quality meat preserved through refrigeration. Less than 10 percent of the people in India are strict vegetarians, refusing to eat any meat because of religious beliefs or social considerations. But over 85 percent of them object to consuming beef in the home.

Some economists contend that added contact of India's rural population with certain urban establishments is the beginning of the use of nontraditional foods. With the extra income from sales of high-yielding varieties of wheat and rice, more farmers are shopping in cities. While there they may for the first time attend a cinema, buy popcorn, crackers, and soft drinks—and carry these items home for the initial sampling by women and children of farm areas.

CROPS AND MARKETS SHORTS

Weekly Rotterdam Grain Price Report

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	February 19	Change from previous week	A year ago
	<i>Dol.</i>	<i>Cents</i>	<i>Dol.</i>
	<i>per bu.</i>	<i>per bu.</i>	<i>per bu.</i>
Wheat:			
Canadian No. 2 Manitoba	2.02	+4	2.01
USSR SKS-14	(¹)	(¹)	1.93
Australian Prime Hard	(¹)	(¹)	(¹)
U.S. No. 2 Dark North- ern Spring:			
14 percent	1.92	-2	1.91
15 percent	2.02	+1	1.96
U.S. No. 2 Hard Winter:			
13.5 percent	1.77	+1	1.84
Argentine	1.75	+1	1.84
U.S. No. 2 Soft Red Winter	1.65	+2	1.73
Feedgrains:			
U.S. No. 3 Yellow corn	1.58	+2	1.40
Argentine Plate corn	1.53	-2	1.43
U.S. No. 2 sorghum	1.53	-3	1.37
Argentine-Granifero			
Soybeans:			
U.S. No. 2 Yellow	1.33	-4	1.25
	2.99	+1	2.92

¹ Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Czechoslovak Grain Imports

The Czechoslovak Government indicated in a report published early this year that its grain import requirements for calendar year 1970 will amount to 1.5 million metric tons. Concurrently the Czechs stated that the Soviets will supply 1 million tons of grain through mid-1970, but no commitments were made for the remainder of the year. There was no announcement of prices included in this agreement.

Czechoslovakia's annual imports of grain for 1966-68 have averaged 1.6 million tons, about 78 percent of which has been supplied by the Soviet Union and the rest by Canada, Switzerland, and Romania. The current estimate of total grain imports is lower than the 1966-68 average. This reflects some improvement in Czech grain harvests, which have increased from 5.9 million metric tons in 1966 to 7.4 million in 1968. However, the poor 1969 harvest of potatoes—a major source of feed in Czechoslovakia—suggests that the current estimate of grain imports may be too low.

U.S. grain exports to Czechoslovakia have dropped from about 480,000 tons in 1966 to 80,000 tons in 1967 and to 60,000 tons in 1968.

U.S. Exports of Soybeans, Oils, Meals

U.S. exports of soybeans in December totaled 39.9 million bushels, slightly more than the 38.5 million exported in December 1968 and larger than any quantity shipped in December in previous years. Over 159.4 million bushels of soybeans were exported in the September-December period,

compared with 135.1 million during the same 4 months a year earlier. The increase went mostly to the major markets of Japan and the European Community and, to a lesser extent, to Israel, the Republic of China, and Denmark. Although exports to Canada show the largest increase, the increase is suspect, since exports reported by the Bureau of the Census include transshipments from Canadian ports to destinations unknown at the time of shipment.

Despite a decline in soybean oil exports in December as compared with the previous year, the total for October-December reached 278.5 million pounds, 19.2 million pounds higher than exports in the first quarter of the previous marketing year. Most of the increase resulted from larger shipments under Public Law 480 programs to Pakistan, Tunisia, and Israel and from increased sales for dollars, especially to Peru.

Cottonseed oil exports, at 42.7 million pounds, increased nearly 122 million pounds over exports in December 1968. Total exports for October-December reached 147.3 million pounds, compared with only 25.7 million a year earlier. The 35.0 million pounds exported to Iran—the largest quantity shipped to any one country so far this marketing year—represents nearly one-fourth of total exports. Exports to western Europe are also sharply higher; shipments to the United Kingdom, the Netherlands, and Sweden totaled 30.1 million pounds, compared with only 1.5 million in the previous year. A substantial proportion of the cottonseed oil has moved under the CCC export sales program.

Soybean meal exports in December soared to 411,200 tons, 20 percent higher than exports in the same month a year ago. Not since March and April of 1969—immediately following the dock strike—have exports attained this level. The October-December total of 1.07 million tons exceeded comparable exports the previous year by almost one-third. Increased shipments to EC markets accounted for 94 percent of the total gain of nearly 260,000 tons.

U.S. EXPORTS OF SOYBEANS, OILS, AND MEAL

Item and country of destination	Unit	December		Sept.-Dec.	
		1968 ¹	1969 ¹	1968- 69 ¹	1969- 70 ¹
SOYBEANS					
Belgium-Luxembourg	Mil. bu.	1.0	0.9	4.3	8.7
France	do.	(²)	.1	.2	.2
Germany, West	do.	6.9	4.4	16.0	13.5
Italy	do.	2.5	2.8	9.3	12.1
Netherlands	do.	6.0	7.6	21.2	22.8
Total EC	do.	16.4	15.8	51.0	57.3
Japan	do.	7.6	8.3	28.2	34.2
Canada	do.	3.4	4.9	18.9	27.1
Spain	do.	5.3	3.3	13.6	10.1
China, Taiwan	do.	1.4	2.3	6.9	7.6
Denmark	do.	2.1	1.1	6.6	7.2
Israel	do.	0	1.7	2.3	5.0
Other	do.	2.3	2.5	7.6	10.9
Total	do.	38.5	39.9	135.1	159.4
Oil equivalent	Mil.lb.	422.2	437.6	1,483.1	1,750.7
Meal equivalent	1,000 tons	903.7	936.6	3,174.1	3,746.9

EDIBLE OILS	Unit	December		Oct.-Dec.	
		1968 ¹	1969 ¹	1968-69 ¹	1969-70 ¹
Soybean: ³					
Pakistan	Mil. lb.	0	28.2	36.8	106.5
Tunisia	do.	.3	21.5	.4	43.7
Israel	do.	1.9	5.3	12.2	16.4
India	do.	66.6	2.4	112.0	15.3
Chile	do.	12.3	11.5	14.1	13.4
Peru	do.	1.0	8.7	7.0	12.1
Dominican Republic	do.	.9	2.0	3.7	7.5
Canada	do.	2.7	2.2	9.0	7.1
Vietnam, South	do.	0	0	6.3	4.3
Haiti	do.	1.5	2.1	4.5	4.4
Other	do.	28.1	25.2	53.3	47.8
Total	do.	115.3	109.1	259.3	278.5
Cottonseed: ³					
Iran	do.	0	6.0	0	35.0
Venezuela	do.	6.6	7.0	20.0	24.7
U.A.R.	do.	0	0	0	22.0
United Kingdom	do.	0	13.7	(⁴)	13.8
Pakistan	do.	0	0	0	13.7
Netherlands	do.	1.5	7.6	1.5	10.8
Canada	do.	1.1	3.1	3.2	7.0
Sweden	do.	0	3.4	0	5.5
Dominican Republic	do.	(⁴)	0	(⁴)	5.5
Others	do.	.4	1.9	1.0	9.3
Total	do.	9.6	42.7	25.7	147.3
Total oils	do.	124.9	151.8	285.0	425.8
CAKES AND MEALS					
Soybean:					
Belgium-Luxembourg	1,000 tons	17.3	22.2	50.7	69.9
France	do.	38.2	83.8	122.8	175.4
Germany, West	do.	76.2	92.5	193.0	300.1
Italy	do.	31.3	43.9	62.2	83.4
Netherlands	do.	73.8	42.6	135.5	178.5
Total EC	do.	236.8	285.0	564.2	807.3
Canada	do.	16.0	22.8	55.6	66.7
Yugoslavia	do.	19.3	2.7	28.6	34.1
Spain	do.	0	14.6	31.4	34.0
Poland	do.	23.2	13.4	34.0	27.8
Hungary	do.	0	14.9	0	14.9
Philippines	do.	2.2	5.2	9.0	14.5
Switzerland	do.	2.0	7.2	12.4	13.5
Denmark	do.	10.3	9.1	10.9	13.1
Australia	do.	5.2	4.1	7.7	9.2
Others	do.	26.9	32.2	57.3	33.8
Total	do.	341.9	411.2	811.1	1,068.9
Cottonseed	do.	.2	.7	1.0	1.6
Linseed	do.	0	4.6	30.0	44.8
Total cakes and meals ⁵	do.	350.0	418.8	863.1	1,125.5

¹ Preliminary. ² Less than 50,000 bu. ³ Includes shipments under P.L. 480 as reported by Census. ⁴ Less than 50,000 lb. ⁵ Includes peanut cake and meal and small quantities of other cakes and meals. Computed from rounded numbers. Bureau of the Census.

French Walnut Production Up

France's 1969 commercial walnut crop is now placed at 29,000 short tons (in-shell basis), slightly above last season's crop. Although the average size is smaller than in previous years, overall quality is reported to be fair. Higher foreign prices this season have encouraged French exports.

Export shipments in 1969-70 are placed at 12,500 tons, approximately 2,200 tons above the 1968-69 volume of 10,252 tons, in-shell basis. The European Community, mainly West Germany, was the primary market in 1968-69, taking 64 percent of France's exports.

SUPPLY AND DISTRIBUTION OF FRENCH WALNUTS

Item	1967	1968	1969 ¹
	1,000 short tons	1,000 short tons	1,000 short tons
Beginning stocks (Oct. 1)	(²)	(²)	(²)
Production	27.0	28.0	29.0
Imports	2.0	1.0	1.0
Total supply	29.0	29.0	30.0
Exports	11.4	10.3	12.5
Domestic disappearance	17.6	18.7	17.5
Ending stocks (Sept. 30)	(²)	(²)	(²)
Total distribution	29.0	29.0	30.0

¹ Preliminary. ² Not available.

Hamburg Prices of Fruits, Juices

The following quotations represent importers' selling prices, including duty and sugar-added levy but excluding the value-added tax. Sales are in lots of 50 to 100 cases.

Type and quality	Size of can	Price per dozen units			Origin
		Jan. 1969	Oct. 1969	Jan. 1970 ¹	
		U.S. dol.	U.S. dol.	U.S. dol.	
CANNED FRUIT					
Apricot halves:					
Choice	2½	2.82	3.12	3.34	Spain
Not specified	2½	2.88	3.27	3.51	Greece
Peaches, halves:					
Choice, light sirup ...	2½	3.54	3.66	3.80	U.S.
Do	10	—	13.35	13.77	S. Africa
Not specified	2½	2.88	2.88	3.02	Greece
Do	2½	2.70	2.61	2.98	Bulgaria
Pears:					
Heavy sirup	2½	3.66	3.75	4.00	Italy
Fruit cocktail:					
Heavy sirup	2½	5.55	5.37	5.84	U.S.
Choice, light sirup ...	2½	4.71	4.56	4.75	U.S.
Light sirup	2½	—	4.38	4.43	Italy
Cherries, red pitted:					
Fancy, water pack	10	—	22.65	23.77	U.S.
Not specified water	3 kg.	21.90	21.90	23.93	Italy
Do	3 kg.	19.74	19.74	20.48	Netherlands
Do	5 kg.	25.80	24.30	26.56	Yugoslavia
Cherries, sweet:					
Not specified	² 1/1	4.54	4.54	4.97	Poland
Pineapple, whole slices:					
Fancy	2½	5.25	5.31	5.64	U.S.
Choice	2½	3.70	4.18	4.79	U.S.
Not specified	2½	—	4.38	4.85	Philippines
Do	2½	3.21	3.48	3.80	Ivory Coast
Do	2½	3.21	3.36	3.51	S. Africa
Pineapple, pieces or halves:					
Halves	2½	—	—	4.16	U.S.
Not specified	20 oz.	—	2.22	2.52	Taiwan
Pineapple, crushed:					
Fancy	10	11.70	11.82	12.95	Philippines
Choice	10	8.40	9.00	9.67	S. Africa
CANNED JUICES					
Grapefruit,					
unsweetened	² 1 qt.	—	4.35	3.93	U.S.
Do	43 oz.	3.84	4.30	4.46	Israel
Do	2	1.68	1.83	2.03	Israel
Do	2	1.77	1.83	1.93	Trinidad
Orange, unsweetened²					
Do	0.7 ltr.	2.91	2.37	2.56	Israel
Do	43 oz.	3.27	3.27	3.57	Greece
Do	43 oz.	3.09	3.00	3.28	Italy

¹ January 1970 quotations reflect the currency reevaluation of the deutsche mark from \$1=DM4 to \$1=DM3.66. ² Packed in glass bottles or jars.

London Prices of Fruits, Juices

The following quotations indicate selling prices in London, c.i.f. basis:

Type and quality	Size of can	Price per doz. units			Origin
		Jan. 1969	Oct. 1969	Jan. 1970	
CANNED FRUIT		U.S.	U.S.	U.S.	
Apricots, halves:		dol.	dol.	dol.	
Fancy	2½	2.82	2.91	3.42	S. Africa
Choice	2½	2.94	3.30	3.54	Australia
Do	2½	2.70	3.12	3.30	S. Africa
Fruit Cocktail:					
Choice	2½	3.72	3.96	3.99	Australia
Fruit Salad:					
Choice	15 oz.	1.74	1.62	1.92	Spain
Peaches, clingstone halves:					
Choice	2½	—	2.88	3.60	U.S.
Do	2½	2.91	3.24	3.39	Australia
Do	2½	2.70	3.18	3.18	S. Africa
Pears:					
Choice	2½	3.00	3.39	3.51	Australia
Do	2½	2.85	3.09	3.30	S. Africa
Not specified	15 oz.	1.64	—	2.49	Italy
Pineapple slices:					
Fancy	16 oz.	1.68	1.74	1.86	S. Africa
Choice	2	2.13	—	2.30	U.S.
Do	16 oz.	1.44	1.80	1.70	Malaya
Grapefruit sections:					
Not specified	20 oz.	2.34	2.52	2.52	Israel
Do	20 oz.	—	2.31	2.43	West Indies (British)
CANNED JUICE					
Grapefruit, unsweetened ...	43 oz.	2.97	3.27	3.27	Israel
Orange, unsweetened	43 oz.	3.03	3.27	3.27	Israel

Indian Cashew Nut Production Up

India's 1970 raw cashew production is placed at 105,000 short tons, about 5 percent above last year. Domestic cashew production provides approximately 30 percent of the raw nuts processed by the Indian cashew shelling industry. The remaining portion is supplied by imports from Africa, mainly Tanzania and Mozambique.

Historically, this large industry is based upon the readily available pool of cheap Indian labor and low-cost African raw-nut imports. In recent years, however, the price of imported nuts has risen sharply because the capacity of the African cashew shelling industry has increased. The Indian Government, in an effort to offset the rising cost of African supplies, has implemented a plan to increase domestic cashew nut production to a self-sufficient level.

In 1969, India imported 209,000 tons of raw nuts, approximately 15,000 tons less than in 1968. Kernel exports are placed at 66,250 tons in 1969, slightly under 1968's record 66,789 tons. In 1969, the USSR was the leading importer of Indian cashew kernels, followed by the United States.

Presently, Indian importers and African exporters are deadlocked over the method of payment for raw-nut shipments. Imports have been at a virtual standstill since mid-November 1969 pending settlement of the dispute. 1969 African exports are said to have been of poor quality, heavy losses being incurred by importers and banks. Claims brought by importers against inferior 1969 shipments have not been honored.

The Indian importers propose paying 90 percent on the invoice value of the shipments and the balance after quality inspection and final weighing at the port of destination. In previous years, they made payments in full against shipments

from Tanzania and paid 95 percent against shipments from Mozambique. It is expected that an Indian delegation will visit Tanzania shortly in an effort to settle the dispute. Current forecasts call for imports of 176,000 short tons of raw nuts from Africa in 1970 (assuming that agreement is reached shortly).

CASHEW PRICES

Item	1967	1968	1969
	Dol. per short ton	Dol. per short ton	Dol. per short ton
African raw nuts:¹			
January 1	179	186	210
February 1	178	206	202
March 1	159	203	198
April 1	175	201	208
May 1	178	200	198
June 1	189	194	209
July 1	187	195	207
August 1	177	201	202
September 1	175	195	204
October 1	175	195	204
November 1	175	197	202
December 1	173	208	202
	Cents per pound	Cents per pound	Cents per pound
Indian kernels:²			
January 1	59.0	65.0	67.5
February 1	56.5	73.0	68.0
March 1	55.0	70.5	67.0
April 1	55.0	69.5	66.0
May 1	57.5	71.0	64.0
June 1	61.0	70.5	63.0
July 1	65.0	69.5	66.0
August 1	62.0	70.0	67.0
September 1	63.0	70.0	67.0
October 1	65.0	70.0	69.0
November 1	63.0	68.0	71.0
December 1	66.0	69.0	71.0

¹ Angochees, c.i.f. Cochin (converted from rupees at 1 rupee = 21 U.S. cents through June 1966 and 1 rupee = 13.33 cents thereafter). ² 320 count in 25-pound tins, c.&f. New York.

INDIA'S CASHEW SUPPLY AND DISTRIBUTION [Raw nut basis]

Item	1967	1968	1969 ¹
	1,000 short tons	1,000 short tons	1,000 short tons
Beginning stocks (Jan. 1)	10.0	2.0	17.0
Production	100.0	100.0	100.0
Imports	158.4	224.3	209.0
Total supply	268.4	326.3	326.0
Exports	246.1	284.7	282.0
Domestic disappearance	20.3	24.6	24.0
Ending stocks (Dec. 31)	2.0	17.0	20.0
Total distribution	268.4	326.3	326.0

¹ Preliminary.

Larger French Prune Crop

France reports a record 1969 dried prune crop despite unfavorable weather during the harvest. A severe storm struck the producing area September 12, causing a large quantity of fruit to fall from the trees. Production is now estimated at 18,000 short tons, 12 percent above the 1968 crop of 16,000 tons.

Reports indicate that the present area planted in prunes



To change your address or stop mailing, tear off this sheet and send to Foreign Agricultural Service, U.S. Dept. of Agriculture, Rm. 5918, Washington, D.C. 20250.

totals almost 25,000 acres. Approximately one-third of the acreage is reported to be nonbearing, one-third in beginning production, and the remainder in full production.

French prune exports have been relatively insignificant in past years and are not expected to exceed 1,700 tons during the 1969-70 season. However, trade sources indicate that the export market will become more important because the domestic market is not expected to be able to absorb all future production increases.

SUPPLY AND DISTRIBUTION OF FRENCH PRUNES

Item	1966-67	1967-68	1968-69 ¹	1969-70 ²
	<i>1,000 short tons</i>	<i>1,000 short tons</i>	<i>1,000 short tons</i>	<i>1,000 short tons</i>
Beginning stocks (Sept. 1)	3.3	3.2	3.0	2.8
Production	13.5	13.8	16.0	18.0
Imports	4.9	4.0	4.2	3.3
Total supply	21.7	21.0	23.2	24.1
Exports	1.5	.7	.9	1.7
Domestic disappearance ...	17.0	17.3	19.5	20.0
Ending stocks (Aug. 31)	3.2	3.0	2.8	2.4
Total distribution	21.7	21.0	23.2	24.1

¹ Preliminary. ² Forecast.

Greece Expands Sugar Production

The National Government of Greece has decided to establish two new sugar factories. The first factory will be ready to operate in 1972-73, and the second in 1975-76. These factories will increase acreage to 80,000-90,000 acres. It is expected that—with three factories already in the country—Greece's sugar needs will be met in the next 5 years.

The 1969 production of refined sugar is estimated at 135,000 metric tons, and the Ministry of Agriculture expects 1970 output may reach 150,000 tons. Consumption in 1969 is estimated at about 170,000 tons. Requirements and production are expected to be in balance—at 200,000 tons—by 1975.

Maryland Leaf Exports Drop

Exports of Maryland tobacco totaled 10.4 million pounds in 1969, down 25 percent from 13.8 million pounds in 1968, and down 30 percent from the record level of 15.1 million pounds in 1967. The export value in 1969 dropped to \$8.9

million from \$11.6 million in 1968; the average export value of 85.2 cents per pound, however, was slightly above the 1968 average of 84.0 cents.

Although Switzerland continues to be the major purchaser of Maryland leaf, exports in 1969 to that country were the lowest in 17 years. Only 4.9 million pounds were exported in 1969, compared with 9.4 million pounds in 1968. Increases were recorded in shipments to West Germany, Portugal, and Belgium-Luxembourg. Along with Switzerland, the 1969 exports to these three countries represented 94 percent of the total.

Although Maryland tobacco exports to Switzerland are down, purchases of U. S. flue-cured and burley leaf by that country have increased substantially in recent years, apparently to meet the demand for the rising consumption of American-blend cigarettes.

U.S. EXPORTS OF MARYLAND TOBACCO

Destination	Average 1960-64	1967	1968	1969
	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>
Switzerland	6,595	8,762	9,355	4,918
Germany, West	575	2,866	1,511	2,172
Portugal	1,138	887	1,095	1,250
Belgium-Luxembourg ...	1,004	1,585	843	1,435
Spain	155	276	386	221
Netherlands	922	98	120	73
Norway	51	56	77	82
Other	924	543	399	264
Total	11,364	15,073	13,786	10,415

Bureau of the Census.

Crops and Markets Index

Fats, Oils, and Oilseeds

13 U.S. Exports of Soybeans, Oils, Meals

Fruits, Nuts, and Vegetables

14 French Walnut Production Up

14 Hamburg Prices of Fruits, Juices

15 London Prices of Fruits, Juices

15 Indian Cashew Nut Production Up

15 Larger French Prune Crop

Grains, Feeds, Pulses, and Seeds

13 Weekly Rotterdam Grain Price Report

13 Czechoslovak Grain Imports

Sugar, Fibers, and Tropical Products

16 Greece Expands Sugar Production

Tobacco

16 Maryland Leaf Exports Drop